

# SUPPORTING FAMILIES FOR HEALTH AND PROSPERITY

Brief submitted to: House of Commons Standing Committee on Finance, Pre-budget Consultations, August 2014

Submitted by: REAL Women of Canada  
Box 8813 Station T, Ottawa ON K1G 3J1  
Tel 613.236.4001 Fax 613.236.7203 Email [realwcna@rogers.com](mailto:realwcna@rogers.com)

## Introduction

REAL Women of Canada is a national organization of women from all walks of life and from differing economic, social, cultural and religious backgrounds. We are united by our concern for the family, the basic unit of society.

Since our incorporation in 1983, REAL Women of Canada has promoted the equality, advancement and well-being of women, recognizing their contribution as interdependent members of society, in the family, workplace and community.

The federal Conservative government is to be commended for eliminating some forms of tax discrimination against the family by: making the spousal tax deduction equal to that of the principal earner; introducing the \$2,000 tax credit for parents with children under 18 years of age; raising the basic personal deduction in personal income tax; and pension splitting for retired Canadians. The Universal Child Care Benefit is greatly appreciated by Canadians as it provides for the care of children, given directly to parents rather than to institutions.

Canada now reports some family indicators which are linked with poor economic outcomes. Canada's failure to replace its population threatens our social services (health and education) and our economy. (Institute of Marriage and Family Canada, *Forty years below replacement*, February 2013) IMFC recommends income splitting and more births as a solution to this challenge.

Marriage has been shown to be the environment that produces the best outcomes for children, yet Statistics Canada reports that our marriage rate for 2008 has fallen to 4.4 per 100,000 population, not an indicator of well being. Even in 1930, during the Great Depression, Canada's marriage rate was higher at 6 per 100,000.

The traditional family model of mother, father and children has many social and economic benefits. The division of domestic labour in the traditional model helps reduce health care costs for the elderly and those recovering from illness; it keeps early childhood education costs low; and also contributes to safer communities by providing needed supervision of adolescents. The single family income model frees one partner in the domestic economy to volunteer in many sectors such as hospitals, schools and charities, thus lowering costs to governments.

## Summary of Recommendations

### **1. End Tax Discrimination Against the Single-Income Family with Income Splitting**

Unequal tax treatment of single and dual income families can be eliminated by allowing the single income family to split the family income when tax filing.

### **2. The Universal Child Care Benefit should be increased, Personal Income Taxes Reduced**

Many families are still struggling to make ends meet and have little discretionary income. It is

necessary therefore, that the UCCB be increased and personal income taxes reduced to allow some financial flexibility for families.

### **3. Convert Special Interest Funding into Tax Relief for All**

In order to provide a level playing field for all groups, to avoid government initiated discrimination, and to decrease unnecessary government spending, the federal government should end all special interest funding. Savings could be converted to lower personal income taxation.

#### **Our recommendations:**

##### **1. End Tax Discrimination Against the Single-Income Family**

Federal tax policy discriminates against parents who choose to have one parent at home to care for the next generation. We believe public policy should treat all families equally. Income splitting would eliminate the discrimination against the single income family which pays higher personal income tax when compared to the same income earned by the double income family.

When compared to other countries Canada does not appear to treat all children equally. For example, Finland is regarded as having Europe's best education system, with that country's students regularly achieving top marks in literacy and science in the Program for International Student Assessment (PISA). Parents in Finland have a choice to raise their children themselves in the home with payments by the state of \$500 per month per child, or to place them in state operated child care. Not surprisingly, most parents in Finland chose to remain in the home to raise their own children until they enter school at age seven.

By contrast, in Canada, where provinces such as Quebec subsidize day care only, \$60 a day is allotted per child to the day care institution. This amounts to \$300 a week, or \$15,000 a year per child, whereas the child cared for at home by a parent receives no equivalent support. The single income family therefore subsidizes the dual income family.

*Canadian Consensus: Best for children under six to be at home*

A recent IMFC study found that the majority of Canadians "believe it is best for children under six to be at home with a parent", ranging from a high of 83% in Alberta, to 70% in Quebec. Even in families where both parents work, 74% supported this. (*Day Care Desires*, IMFC, May 2013)

The family which does not place its children in substitute care is also discriminated against regarding the **Child Care Expense Deduction program**. The CCED provides \$7,000 per year for children under 7 and \$4,000 for children 7-16 years of age in tax deductions to the double income family and makes no similar provision for single income family expenses. This inequity is based on the false assumption that parent-based child care has no expenses. But in reality, all forms of child care have associated expenses. All children are of equal value, and their care should be so treated in law. Public policy should equally assist and not discriminate against parents if they choose to care for their own children in the home environment. Child care costs exist because children exist not because both parents work outside the home. This double standard must be eliminated.

Parents should decide whether their children are cared for, at home by a parent or other family member, in private day care, in community, religious or ethnic-based care, or in a government operated child care facility. A decision about child care is a decision for the parents, it is not a decision to be influenced by government. Options other than government operated child care facilities should be made available to parents by **paying child care funds directly to parents**.

*Recognize the family unit for tax purposes*

One way to correct inequality in family taxation would be to recognize the family unit rather than the individual for tax purposes. This is not a new concept. The government already recognizes the family unit when paying out benefits, such as the GST credit, the Canada Pension Plan (CPP), and Old Age Security.

The expected federal cost of **income splitting** is in the range of 4 to 5 billion dollars a year. In perspective, the **Fraser Institute** has reported that the government has handed out \$342.6 billion in federal subsidies to businesses and consumers from 1980 to 2009, \$7.8 billion in 2009. (*Government Subsidies in Canada: A \$684 Billion Price Tag*, 2014)

## **2. The Universal Child Care Benefit should be increased, Personal Income Taxes Reduced.**

The popular **Universal Child Care Benefit** of \$100 a month for children under six sends an important message to all Canadians, recognizing the importance of children and their care. We recommend an increase in the UCCB.

The Fraser Institute recently reported that in 2012, 42.7% of the average family's income went to pay taxes, compared to 33.5% in 1961. The total tax bill of the average Canadian family has increased by 1,787% since 1961, 1,932% including deferred taxes (deficits.) "Taxes have grown much more rapidly than any other single expenditure.... shelter increased by 1,290%, clothing by 607%, and food by 578% from 1961 to 2012." Inflation adjusted, the tax bill is 143.5% higher than in 1961. *Taxes versus the Necessities of Life*, 2013.

Personal income taxes have been reduced, with gratitude, but more tax relief is required. Lower personal taxes enable Canadian families to help reverse demographic shifts and an aging population, important long-term goals.

## **3. Convert Special Interest Funding into Tax Relief for All**

The federal government provides grants and contributions estimated at \$27 billion annually to numerous special interest groups including businesses, labour unions, sport and lobby groups, research funds to special interest advocacy groups and radical feminists.

A 2005 professional evaluation of **Status of Women Canada** found mismanagement and little accountability for use of taxpayer dollars, yet funding for this dated ideology continued to increase.

PHAC, **Public Health Agency of Canada**, like Status of Women, admits that the results of their **Family Violence Initiative** (\$7 million a year) are not measurable.

CIHR, **Canadian Institute of Health Research**, annual budget \$978 million, provided \$18 million for research grants to lobbyists for drug injection sites, who used the biased results to successfully challenge Canadian legislation and Health Canada policy, to the detriment of the health of Canadians.

**Social Sciences and Humanities Research Council** (budget \$696 million), provides funding for research for feminist and leftist advocacy groups with a political bias, an abuse of taxpayer dollars. See Canadian Taxpayer Federation article below.

Our organization has always opposed feminist funding because it discriminates against women who do not conform to the feminist world view. Status of Women's so-called anti-discrimination objective of "equality and full participation of women in the economic, social and democratic life of Canada" is interpreted to exclude the contribution made by women who work in the domestic economy. Criteria

for women's "progress" are ideological rather than reflective of Canadian reality and never include the important contribution made by women, especially mothers, in the domestic economy.

Women are not all the same. We are individuals, extremely different in our needs and interests. No single government agency or ideology can represent the views of all Canadian women, as no single agency or ideology can represent all Canadian men. Forty years of government funding of exclusively feminist women's groups has been unacceptable and unfair. In order to provide a level playing field for all groups, to avoid government initiated discrimination, and to decrease unnecessary government spending, we believe the federal government should end all feminist special interest funding.

Special Interest funding should be carefully scrutinized and cut accordingly, resulting in tax relief for all Canadians.

## **Conclusion**

The future of our country depends on the strength of our families. We believe that the family, which is the foundation of a nation, should be central to the formation of all public policy. Government decisions, especially tax and social policy, must be fair and beneficial to all Canadians. In light of recent general awareness of a demographic deficit combined with an aging population, which cannot be alleviated by immigration, it is even more important that the government give prime consideration to the family unit and its invaluable contribution to the well being of all segments of society.

## **Background material:**

**REAL Women of Canada newsletter** [www.realwomenca.com](http://www.realwomenca.com):

November December 2007 Income splitting

September October 2008 The former Liberal government and prostitution (government grants)

January February 2009 Feminists funded by Canadian taxpayers sow dissent

March April 2009 More feminist nonsense paid by the taxpayers

March April 2010 Mismanagement at Status of Women Canada

July August 2010 Government clamps down further on government funding

Feminism in Canada pdf pamphlet, [http://realwomenca.com/images/download/Feminism\\_08.pdf](http://realwomenca.com/images/download/Feminism_08.pdf)

The Child Care Debate (funding and costs) <http://www.realwomenca.com/page/pubanalysis15.html>

**Canadian Taxpayers Federation**, Wacky university research

<http://www.taxpayer.com/news-releases/-screwed-u---grants-honorary-doctorate-to-sshrc-for-wacky-university-research-funding>

<http://www.taxpayer.com/media/SSHRCbackgrounder.pdf>

**The Fraser Institute**, Government subsidies in Canada: A \$684 billion price tag

<http://www.fraserinstitute.org/research-news/news/news-releases/Canadian-governments-dole-out-billions-in-taxpayer-funded-subsidies-to-businesses-and-beyond/>